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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Establish a Framework and Processes
for Assessing the Affordability of
Utility Service.

Rulemaking 18-07-006

**ASSIGNED COMMISSIONER'S THIRD AMENDED
SCOPING MEMO AND RULING**

This amended scoping memo and ruling sets forth the category, issues to be addressed, and updates the schedule of the second phase of this proceeding pursuant to Public Utilities (Pub. Util) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure. This amended scoping memo also addresses a motion filed by the Public Advocates Office at the California Public Utilities Commission seeking adjustments to the scoping memo of this proceeding.

1. Procedural Background

On July 12, 2018, the California Public Utilities Commission (Commission) instituted this rulemaking to develop a common understanding and methods and processes to assess, consistent with Commission jurisdiction, the impacts on affordability of individual Commission proceedings and utility rate requests. The recent history of this proceeding is reviewed in the second Amended Assigned Commissioner's Scoping Memo and Ruling (second amended scoping memo) and is incorporated here by reference. The second amended scoping memo was filed on June 9, 2020.

2. Disposition of Motion by the Public Advocates Office

Subsequent to the issuance of the second amended scoping memo, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a motion on September 10, 2020 “to amend and clarify” the second amended scoping memo.¹ The motion sought to add two new issues to the scope of the proceeding: 1) development and implementation of a rate and bill impact tracking tool for Class A Water Utilities; and 2) using the energy and water rate and bill impact tracking tools for ongoing support of the Commission’s work.

Cal Advocates’ argument is that the inclusion of these two issues will more fully develop the ability of Commission staff to consider the affordability of water rates, and comport with language in the Commission decision issued in Phase 1 of this proceeding Decision (D.) 20-07-032.

Several parties filed comments on the motion by Cal Advocates: California Water Association, Great Oaks Water Company (Great Oaks), and the Utility Reform Network (TURN). California Water Association and Great Oaks each opposed the inclusion of a water rate and bill tracker tool as a scoped issue in an amended scoping memo.

California Water Association notes that D.20-07-032 only mentioned consideration of an electricity rate and bill tracker tool, did not mention a water rate and bill tracker tool, and did not adopt proposals made by Cal Advocates in comments to the proposed decision that such a tool be endorsed by the final

¹ Cal Advocates motion at 1.

decision. They therefore challenge the rationale that inclusion of a water rate and bill tracker would comport with D.20-07-032.² California Water Association also argues that there would be considerable difficulty in developing a water rate and bill tracker tool given the available resources of Commission staff and Class A water utilities.³

Great Oaks makes similar arguments, contending that the instant proceeding is not the appropriate place to develop a water rate and bill tracker tool, given that the energy rate and bill tracker tool is not being formally developed in this proceeding and that D.20-07-032 does not order that it be developed in this proceeding.⁴ They also cite to the comments of Cal Advocates to the proposed decision in Phase 1 of this proceeding, and the lack of changes made to the proposed decision, as evidence that the Commission does not believe this issue should be addressed in Phase 2 of this proceeding.⁵

In contrast, Utility Consumers' Action Network and TURN support the motion of Cal Advocates. TURN argues that development of rate and bill tracker tools "is necessary for assessing the impact of Affordability for all utility services."⁶ TURN also asserts that inclusion of the development of an energy rate and bill tracker tool in the scope of the second phase of this proceeding will harmonize the proceeding's scope with D.20-07-032.⁷

² California Water Association response at 1-3.

³ California Water Association response at 3-5.

⁴ Great Oaks response at 2-3.

⁵ Great Oaks response at 4-5.

⁶ TURN response at 1.

⁷ TURN response at 2.

Cal Advocates filed a reply to the responses of California Water Association and Great Oaks on October 5, 2020. Their reply argues that the water rate and bill tracker tool should be included in the scope of this proceeding and that the failure of the Commission to adopt Cal Advocates' proposal in D.20-07-032 does not prejudice the inclusion of the water rate and bill tracker tool in the scope of the proceeding.⁸

After considering the motion, responses, and reply, I have determined that the motion should be granted and that the issues and schedule of the second phase of this proceeding are as set forth in this Third Amended Assigned Commissioner's Scoping Memo and Ruling (third amended scoping memo). While D.20-07-032 did not expressly endorse a water rate and bill tracker tool, it did not prohibit the development of such a tool either. Because the development of a water rate and bill tracker tool would assist the Commission in fulfilling its statutory duties to consider the affordability of water rates,⁹ the development of such a tool should be expressly included within the scope of this proceeding. Furthermore, expressly including the development of an energy rate and bill tracker tool in the scope of this proceeding would harmonize the scope with the findings and orders of D.20-07-032. Accordingly, issues 7 and 8 are added to the existing scope, and issue 9 is modified.

3. Issues

The issues to be determined in the second phase of this proceeding are:

⁸ Cal Advocates reply at 2.

⁹ See Pub. Util. Code Section 739.8(a).

1. How to implement the affordability metrics and methodologies adopted by the Commission in this proceeding;
2. How to forecast variables used to calculate the affordability metrics;
3. How to set proxy values for essential utility service cost data that are unavailable;
4. Determining the appropriate procedural pathways for implementation of the affordability metrics generally (*i.e.*, how broadly and in which proceedings to incorporate the metrics as well as the process used to publish information);
5. How to design and publish an annual Affordability Report;
6. How to refine methodologies for calculating the affordability metrics, including the potential consideration of other nondiscretionary expenses;
7. Developing and implementing a rate and bill impact tracking tool for Class A Water Utilities for ongoing support of the Commission's work;
8. Developing and implementing an energy rate and bill impact tracking tool for ongoing support of the Commission's work;
9. Determining interactions between the affordability metrics and the rate and bill tracker tools under development by the Commission's Energy Division and Water Division;
10. How to coordinate ongoing data requests for information related to the affordability metrics;
11. How to develop and maintain tools for calculating the affordability metrics;
12. How to make the measurements of the affordability metrics publicly available and accessible;
13. How to best ensure coordination with the Disconnections Order Instituting Rulemaking (OIR) (R.18-07-005) and this OIR; and

14. How to incorporate any approved essential usage study from Application 19-11-019.

4. Need for Evidentiary Hearing

As found in the second amended scoping memo, this third amended scoping memo affirms the Commission's preliminary determination that evidentiary hearings are not needed.

5. Schedule

A general schedule of expected Phase 2 events is outlined below. Revisions to this schedule may be adopted in a future ruling issued by the Administrative Law Judge (ALJ) assigned to this proceeding. A Commission decision resolving the issues in the second phase of this proceeding is expected by December 2021.

Furthermore, the Commission's Energy Division, Water Division, and Communications Division have the authority to schedule substantial workshops in the second phase of this proceeding without the need to issue a ruling, and the service list will be alerted to any such workshops that are scheduled at least 10 days in advance.

Event	Date
Initial Annual Affordability Report	Q4 2020
Informal Workshop with Interested Parties on Forecasting, Proxy Bills, and Other Refinements	January 2021
Further workshop(s) as needed	TBD
Staff Proposal on Rate and Bill Tracking Tools, Affordability Assessment Tools, and Implementation Issues	May 2021
Workshop on Staff Proposal	June 2021
Opening Comments on Staff Proposal	30 Days After Staff Proposal Served
Reply Comments on Staff Proposal	45 Days After Staff Proposal Served
Proposed Decision	Q4 2021

Based on this initial schedule, the proceeding will not be resolved within 18 months as required by Pub. Util. Code § 1701.5. Additional time is needed to further consider how to implement the affordability methodologies and metrics adopted by the Commission. The statutory deadline for this proceeding is therefore extended up to and including December 31, 2021.

6. Category of Proceeding/*Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination and the scoping memo's determination that this is a quasi-legislative proceeding. Accordingly, *ex parte* communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

7. Oral Argument

Unless comment is waived pursuant to Rule 14.6(c)(2) for granting the uncontested relief requested, motion for oral argument shall be by no later than the time for filing comment on a proposed decision.

8. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the August 2018 edition of the Commission's monthly "Working for California" newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website. The Commission's Business and Community Outreach Office also sent an information release and link to the proceeding to approximately 2,500 contacts statewide, including local government (*e.g.*, county supervisors, city managers, mayors, and public works directors in the state), community-based organizations, and media.

In addition, the Commission served the OIR on certified Community Choice Aggregators; service lists of 32 energy, water, and telecommunications proceedings; the Governor's Office of Planning and Research; the California Energy Commission; the California Air Resources Board; the Department of Water Resources; and the State Water Resources Control Board.

9. Intervenor Compensation

As there are new issues considered in this second amended scoping memo, a customer who intends to seek an award of compensation shall, pursuant to Pub. Util. Code Section 1804(a)(1), file and serve a notice of intent to claim compensation no later than 30 days after this third amended scoping memo is filed. Customers that have previously filed and served a notice of intent to claim compensation in this proceeding need not file and serve a new notice of intent to claim compensation.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Service of Documents on Commissioners, Their Personal Advisors, and the Administrative Law Judge

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to

Commissioners or their personal advisors unless specifically instructed to do so. Similarly, parties must NOT send hard copies of documents to the ALJ.

12. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Patrick Doherty is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The motion of the Public Advocates Office at the California Public Utilities Commission filed September 10, 2020 is granted.
2. The scope of this proceeding is described above.
3. The schedule of this proceeding is as set forth above.
4. Evidentiary hearings are not needed.
5. The category of the proceeding is quasi-legislative.

Dated October 21, 2020, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN

Clifford Rechtschaffen
Assigned Commissioner